

Message Text

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ORIGIN EA-09

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00
CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 OES-06 SP-02
SS-15 STR-04 TRSE-00 ACDA-07 NSCE-00 SSO-00 USIE-00
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FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA IMMEDIATE

C O N F I D E N T I A L STATE 301106

E.O. 11652: GDS

TAGS: OPEC, ENRG

SUBJECT: MINISTER SADLI'S VISIT TO WASHINGTON

1. MINISTER SADLI COMPLETED DECEMBER 8 WHAT INDONESIAN EMBASSY TERMED A VERY SUCCESSFUL THREE DAY VISIT TO WASHINGTON. IN THE DEPARTMENT HE ATTENDED LUNCH HOSTED BY UNDER SECRETARY HABIB AND ATTENDED BY FRANK ZARB, ADMINISTRATOR FEDERAL ENERGY ADMINISTRATION, IN ADDITION TO DEPARTMENT OFFICIALS. SUBSEQUENTLY HE MET WITH UNDER SECRETARY ROGERS. BOTH MEETINGS REVOLVED ALMOST ENTIRELY AROUND POSSIBLE DECISION OF OPEC TO RAISE CRUDE OIL PRICES AT ITS FORTHCOMING MINISTERIAL MEETING. US SIDE PRESENTED ALL THE ECONOMIC AND POLITICAL ARGUMENTS AGAINST OIL PRICE INCREASE.

2. SADLI REMAINED NON-COMMITTAL AND INDICATED THAT HE WOULD HAVE VERY LIMITED INFLUENCE IN OPEC COUNCILS. SADLI RAISED QUESTION WHETHER US WOULD PREFER POSTPONEMENT OF PRICE INCREASE UNTIL SOMETIME MID YEAR
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AND THEN HAVE A LARGER JUMP OR TO HAVE SMALLER INCREASE

NOW AND AGAIN A MORE MODERATE INCREASE IN ABOUT SIX MONTHS TIME. RESPONSE ON OUR SIDE WAS THAT IT WOULD BE BEST TO POSTPONE PRICE INCREASE AND HAVE A REVIEW OF ECONOMIC CONDITIONS IN SIX MONTHS TIME. SADLI ALSO ASKED

WHAT KIND QUID PRO QUO WE COULD EXPECT IF OPEC WERE NOT TO INCREASE THE PRICE OF OIL. WE REPLIED THAT INDUSTRIALIZED COUNTRIES ARE MAKING SERIOUS EFFORTS TO COME FORTH WITH POSSIBLE RESPONSES THAT WOULD BE BENEFICIAL TO DEVELOPING COUNTRIES. WE ALSO REMINDED SADLI THAT OPEC NATIONS MIGHT CONSIDER THE PROBLEM OF REVERSE LINKAGE, CALLING ATTENTION TO CHANCELLOR SCHMIDT'S RECENT STATEMENT THAT IF OIL PRICES WERE RAISED IT WOULD MAKE IT VERY DIFFICULT FOR INDUSTRIALIZED COUNTRIES TO BE FORTHCOMING IN CIEC IN PARIS.

3. SADLI HAD A NUMBER OF SESSIONS WITH JOURNALISTS, BUSINESSMEN AND MEMBERS OF CONGRESS. SADLI CLAIMED TO ALL THAT THE INDONESIAN GOVERNMENT HAD NOT TAKEN A POSITION WITH REGARD TO INCREASES IN OIL AT THE UPCOMING OPEC MEETING.

4. MEMCONS WILL BE POUCHED.

ROBINSON

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